

10 JUN 1963

Honorable Donald W. Alexander
Maritime Administrator
Washington 25, D. C.

Dear Mr. Alexander:

We understand that you are making a broad-scale inquiry in connection with the award of the operating contract for the Savannah to States Marine. I assume this is in connection with the Drew Pearson article of 5 June 1963, stating that this involved Mr. John A. McCone in a conflict-of-interest situation.

Since this columnist has repeatedly made such allegations in print and may do so again, I am concerned that there does not appear to be adequate information in the files of your administration to identify the factual errors in Pearson's story and the basic falsity of his allegations and innuendoes. This Agency, of course, had no part whatsoever in the Savannah project or any of the transactions related to it, and my concern arises solely because the matter was so thoroughly explored at the time of Mr. McCone's confirmation as Director of Central Intelligence. There is, therefore, an official record of the testimony taken under oath in connection with this matter. For your information, I am sending a copy of these hearings to you and refer specifically to testimony concerning the Savannah contract on pages 43, 44, 54, 55, and 65 through 68.

Relating this testimony to the Pearson column, I note that Pearson says, "the operating contract for the Savannah went to a company in which McCone and his family owned a major interest." The record shows that neither Mr. McCone nor any of his family own stock or any other interest in States Marine or its affiliate, Isthmian Lines, nor have they ever done so. Again Pearson says the Savannah contract was given "to the company dominated by GOP backer John McCone, the States Marine Lines." As noted before, Mr. McCone had no direct interest in States Marine and held no position in the company or on its board and in no way controlled or dominated States Marine. Again Pearson says, "States Marine

It appears to me that a reading of the confirmation hearings before the Committee on Armed Services, United States Senate, shows that this matter was thoroughly investigated and the facts were made of record and that the committee was completely satisfied that no conflict of interest existed. I feel this record should be sufficient to establish a complete refutation of both the erroneous facts and false allegations repeatedly published by the columnist in question in the face of the public record available to him.

Sincerely,

s/ Lawrence R. Houston

Enclosure

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